

Message Text

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PAGE 01 BUENOS 08089 051334Z

46

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-04 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 NSC-05 SS-15 STR-01

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 8703

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E.O. 11652: N/A

TAGS: EGEN, PFOR, ELAB, AR

SUBJ: NEW WAGE INCREASES UNDER GRAN PARITARIA

1. OCT 31 MRS. PERON, SURROUNDED BY TOP GOA, CGE AND CGT OFFICIALS INVOLVED IN GRAN PARITARIA, ANNOUNCED RESULTS OF MEETING IN NATIONAL TV ADDRESS.

2. EFFECTIVE NOV 1, NOMINAL SALARIES INCREASED 15 PERCENT, WITH MINIMUM INCREASE OF AP\$300. FAMILY ALLOWANCE ALSO INCREASED 15 PERCENT. MINIMUM SALARY RAISED FROM AP1300 TO AP1600 PER MONTH; AP64 PER DAY; AP8 PER HOUR. AVERAGE INCREASE WILL OF COURSE EXCEED 15 PERCENT SINCE ALL WAGE EARNERS WHOSE PRESENT NOMINAL SALARY IS BELOW AP2000 PER MONTH WILL GET MORE THAN 15 PERCENT INCREASE. AS EXAMPLE, WORKERS NOT A MINIMUM SALARY WILL GET 23 PERCENT INCREASE.

3. PERCENTAGE INCREASES TO BE CALCULATED OVER NOMINAL SALARIES INCLUDING SOCIAL PACT ADJUSTMENTS OF JUN 1, 1973 AND APRIL 1, 1974. THIS PROCEDURE USED SO AS NOT TO FURTHER REWARD SALARY GAINS ACHIEVED OUTSIDE SOCIAL PACT WHICH, HOWEVER, STILL ALLOWED TO STAND, ALBEIT WITHOUT FURTHER INCREASE. ACT ALSO GIVES EMPHASIS TO ACCELERATING INVESTMENT,
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PAGE 02 BUENOS 08089 051334Z

AS WELL AS IMPROVING EFFICIENCY AND REDUCING COSTS IN PRIVATE

AND PUBLIC SECTOR. TO INCREASE INVESTMENTS AND REDUCE INFLATIONARY PRESSURE, CGE AND CGT TO CONTRIBUTE TO INCREASING POPULAR SAVINGS (THIS MAY REFER TO POSSIBLE FORTHCOMING NEW BOND ISSUE).

4. COMPULSORY LIFE INSURANCE SYSTEM, WHICH INITAIATED UNDER SOCIAL PACT ADJUSTMENTS OF APR 1974, TO BE IMPLEMENTED IMMEDIATELY. METHOD OF PAYMENT OF INSURANCE PREMIUM TO BE DETERMINED BY MIN SOCIAL WELFARE.

5. COMMENT: SALARY INCREASES DESIGNED TO LAST UNTIL TERMINATION OF SOCIAL PACT IN JUNE 1975 AT WHICH TIME RESULTS OF PRIVATE COLLECTIVE BARGAINING PRESUMABLY WILL BE IMPLEMENTED. INCREASE OF 15 PERCENT PLUS WAS SOMEWHAT HIGHER THAN ANTICIPATED, BUT STILL NOT LIKELY TO SATISFY WORKERS UNTIL JUNE WITH CURRENT RISING INFLATION. IMPORTANT ISSUES RELATED TO GRAN PARITARIA WHICH NOT YET ANNOUNCED INCLUDE FINANCING OS SALARY INCREASES, PRICING POLICY OF PUBLIC ENTITIES, AND EXTENT OF ADDITIONAL PRICE RELIEF FOR COMPANIES WHICH WILL OTHERWISE BE UNABLE TO BEAR BURDEN OF NEW INCREASES. LABOR REACTION, INCLUDING EXPECTED PROBLEMS OVER DECISION TO WITHHOLD INCREASE FROM UNIONS WHICH HAVE BEEN RECEIVED OUTSIDE FRAMWORK SOCIAL PACT, WILL BE REPORTED SEPARATELY.
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